



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 17, 2016

H.R. 2959 **TANF Accountability and Integrity Improvement Act**

*As ordered reported by the House Committee on Ways and Means
on May 11, 2016*

Under the Temporary Assistance for Needy Families (TANF) program, states are required to spend a minimum amount of state money under the maintenance of effort (MOE) requirement in order to receive TANF grants. States that meet certain economic criteria and that spend more than the minimum amount can receive additional funding from the TANF contingency fund. Cash donations and the value of in-kind contributions by nonfederal third parties may be counted as state spending for purposes of the MOE. Beginning in 2017, H.R. 2959 would freeze the amount of third-party contributions that a state may claim toward meeting its MOE requirement at the level spent in 2016. This legislation also would prohibit states from counting spending on medical services toward the MOE.

Based on information from the Department of Health and Human Services, CBO assumes that any state that would be affected by the changes under the bill would find other ways to meet its MOE requirement. Furthermore, to the extent that a state could no longer draw down funds from the TANF contingency fund, CBO expects that other states would use those funds instead. Thus, CBO estimates that enacting the legislation would have no significant effect on direct spending. Because enacting this bill could affect direct spending, pay-as-you-go procedures apply. Enacting H.R. 2959 would not affect revenues.

CBO estimates that enacting H.R. 2959 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

The limitations on the ability of states to use cash and in-kind resources from third parties as well as spending for medical services to meet MOE requirements would not be intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). UMRA includes special rules for identifying conditions of aid in large entitlement programs as mandates, but only when states lack authority to amend their financial or programmatic responsibilities. States have significant flexibility in TANF to adjust the structure of the program and meet the requirements of the bill. The bill would not prohibit the use of third-party expenditures, but would limit them to the amount used in 2016.

According to the Government Accountability Office, 16 states counted third-party expenditures toward their MOE requirements in 2015, and in recent years as many as 11 states used such expenditures to cover more than 10 percent of their MOE requirement.

The bill contains no private-sector mandates as defined in UMRA.

The CBO staff contact for this estimate is Susanne S. Mehlman (for federal costs) and Leo Lex (for state impacts). This estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.